Guidance Note:
Budget Management to the UN Resident Coordinator System in 2019 only

24 December 2018

From a financial perspective, UNDP's support to the UNRCS in 2019 will entail:

1. Managing the budget and financial operations of the RCO. This includes:
    a. Payrolling the RCOs, in line with the agreed transition plan;
    b. Managing the RCOs discretionary budget, for travel, coordination fund etc; and
    c. Managing the administration of the RCOs, and providing operational services, including premises, transportation, human resources, operations and financial management support.
2. Upon the request of the RC and funding partners, undertaking projects funded other than from the UN Special Purpose Trust Fund on behalf of the RCOs.

The provision of these services is governed by an MOU and a Service Level Agreement (SLA), now signed by UNDP and the UN Secretariat. In providing these services, UNDP will be reimbursed as necessary. The method to recover costs may be summarized as follows:

- A fixed rate of cost recovery provided through the MOU (covering direct costs plus GMS) as part of the turnkey solution, which will be allocated to each Country Office and service providing Unit centrally by BMS;
- Cost recovery through the UPL/LPL for undertaking actions on a 'pay as you go' basis for other specific prescribed work; and
- UNDP's regular approach to cost recovery for managing projects (direct project costs, plus GMS). It should be noted that the 2016 Advisory note for the UNDG Cost Sharing Funds for the RC system no longer applies and is hereby revoked as of 1 January 2019.

ASLs will be issued by BMS for the budget and financial operations of the RCOs, covering the prescribed budget set out within the MOU.

For funds mobilized locally by the RC that are not funded from the UNSPTF, cash-controlled project budgets will need to be established for this type of activity undertaken on behalf of the RCOs.

This note provides guidance to CO's on the set-up of the various budgets necessary to support the above services to be provided to the new UNRCS.

1. **RCO SPTF funded Budget**

BMS shall issue ASLs to CO's to cover the following 7 Activities:

a) Activity 1: Resident Coordinator
b) Activity 2: RC Executive Associate and RC Driver
c) Activity 3: Professional positions
d) Activity 4: Travel of Staff

e) Activity 5: GOE for UNDP turnkey services
f) Activity 6: Complex country allocation (300k for 28 specific countries listed below)

g) Activity 7: Coordination Fund

Each office will be required to set up project budgets in their business unit, aligned to the ASLs issued, for each of the fund codes outlined in Annex 1. The budget allocated by the UN to support the work of each RCO will be communicated shortly and will cover the following areas:

a) Resources for international staff: the proforma cost of the RC position (at ASG, D2 or D1 level, as appropriate)
b) Resources for national staff: in line with the transition plan for RCO staff as agreed by the UNSDG transition team.
c) Travel
d) Coordination funds
e) An additional amount for international staff for 28 complex and crisis countries listed

2. **Management of RC SPTF budget**

Whilst UNDP will follow its Regulations and Rules, Policies and Procedures, in administering the RCOs, from the perspective of budget management **the CO must ensure that each RCO budget adheres to the following requirements** which are aligned with the UN's requirements, which include:

a) No overspending against the Activities is permitted [notwithstanding the automatic override for payroll costs].
b) Budget resources cannot be moved between activities.
c) Budgets cannot be adjusted without prior approval from UNDOCO.
d) Expenses can only be incurred for the 7 Activities outlined.
e) Correct Account Codes must be used for each expense category aligned with the purpose of each Activity.
f) CO must periodically review expenses using current Atlas reports and queries (similar Atlas reports and queries for UNDP management projects).
g) The appropriate cost recovery approach much be applied for the respective Activities.
h) All required Atlas profiles, including "Approver" and "Project Manager", should be granted to the UNDP CO staff only.

3. **Position Management**

Upon finalization of the project budgets in Atlas, each CO should provide the GSSU with the new COA for the RC positions for IP's. For the local positions, the CO should revise the COA for the local RC positions.

4. **Cost Recovery**

Services provided to the RC in accordance with the MOU are on a cost recovery basis which is managed centrally at UNDP HQ. The RCO must not be charged twice for these services. Instruction and advice on how to appropriately charge will be provided separately.

5. **RCO Coordination Projects**

At the request of RC's, Country Offices may agree to implement coordination related projects or activities on behalf of the RCO. The usual process is to be followed as if establishing a project funded by a fellow UN Agency and/or other donor(s), **utilizing the donor code 13270**. GMS should be applied in line with the corporate cost recovery policy since the 2016 Advisory note for the UNDG Cost Sharing Funds for the RC system no longer applies and is hereby revoked as of 1 January 2019.